REAL ECONOMY

MONTHLY REVIEW ON MOLDOVAN ECONOMY AND POLICY

Expert Grup
CENTRU ANALITIC INDEPENDENT

Issue no.12 **March 1, 2010**

POLITICS AND GOVERNANCE

- February was marked by a couple of developments showing how susceptible has been the Moldovan economy to the vagaries of political nature. At least two instances seem to be "illuminating" from our standpoint.
- *Instance #1: X-files.* The disclosure of the secret files of the Communist Governments confirmed what the public suspected and feared all along: pervasive encroachment of the special political interests in the sphere of economy and public money. While these files will make an exquisite reading for any scholar attempting to understand in-depth the ways of the post-Soviet transition economy, one document is of particular interest for us. The file no. 12-291s "on the cooperation with businesses" shows not only how perverse was understanding of this "cooperation" by the former ruling party, but also how widely accepted were those practices: not a single company dared to voice its grievance or disagreement with this sort of relationship. And even if this money was destined to reconstruction of monasteries, why should the Government or Presidency appear as a "fundraiser" for the Church and make this file secret? Or why should have companies used Government as middle-man for this act of social corporate responsibility? One can only hope that the new Government will get rid of such practices once and forever. *"For nothing is secret, that shall not be made manifest; neither anything hid, that shall not be known and come abroad" (Luke 8:17).*
- *Instance #2: Beggar-thy-neighbor.* In some of our publications[1] we warned on the perils of the commercial protectionism and the understanding of the consequent risks seemed to be shared at least among some quarters of the ruling coalition. Unfortunately, in February we saw new attempts of promoting narrow sub-sector interests at the expense of *common* interest. The Government decided to more than two-fold increase custom duties on the imported meat (for the poultry meat the increase is three-fold), while the Parliament is set to pass this decision into the law. We see this decision as a remarkable focus-shift from monopoly-bashing in this sector towards protectionism at the expense of the consumer. At the core it appears as a classical policy dilemma: well-organized corporate interests vs. non-organized general interest. And there are several more snags. This decision goes against Moldova's foreign trade commitments (WTO, EU). Furthermore, it seeks to increase protection of the sector that has already been among the most shielded from the foreign competition and still remains uncompetitive. It does nothing to drive out the monopolies, to increase the sector's competitiveness and implement European sanitary standards. These are the critical areas where the Government's energy should be directed and not on the tariff policy. This decision ignores interests of the Moldovan consumers, who pay more for and consume less of basic food than consumers in other countries in the region. It ushers political risks of further protectionist demands from other sub-sectors. Ominously, request for protection of construction materials domestic market already followed. How far the Government is ready to go?
- At the same time, the acrimonious intra-Government discussions that surrounded this and other policy measures highlighted that relations within the governing Alliance are becoming increasingly strained. The fact that these

In this issue:

EXPERT-GRUP is a Moldovan policy think-tank. Its mission is to contribute to the economic, political and social development of the Republic of Moldova and to support consolidation of the country's international competitiveness.

Contact details:
address: MD-2012, Moldova, Chisinau, Columna str., 133, office 1
telephone: 373-22-930014,
fax: 373-22-211599
email: info@expert-grup.org,
web: www.expert-grup.org

[1] See the Spring 2009 and Autumn 2009 editions of the MEGA economic review available at http://expert-grup.org/index.php?go=biblioteca&c=23;

diverging views have become so publicized and some decisions are taken without proper coordination with relevant Alliance partners shows that either the proper intra-Alliance communication mechanism is lacking or that diverging tendencies within the Alliance are getting out of control. Both developments would be discouraging.

AGRICULTURE

- The new heads of the Ministry of Agriculture and Food Industry (MAFI) prove stronger leadership competences as compared with previous ones. They are much more engaged in international representation and promotion, while trying to maintain dialogue with farmers. However, the MAFI as a whole remains far from immune to adopting wrong decisions, as shown by the promotion of the higher customs duties for meat imports. The MAFI has to abide to a clear set of rules for adopting policy decisions and promote wider public interests instead of falling victim to narrow corporate interests.
- Creation of the much-awaited Agency for Agricultural Interventions and Payments (AAIP) to manage the agricultural subsidies and assess subsidies' impact is from our viewpoint the most significant recent development[2]. Farmers expect that the AAIP will get rid of the previous opaque practices of channeling public money to cronies and ensure a transparent and fair subsidization. For this, the MAFI will inevitably have to review the AAIP regulation and adopt sounder governance rules. Current arrangements – featured by a highly centralized organization of the AAIP, unclear mandate for its regional divisions, and lack of any board supervising executive body - do not provide for an easy political and public control on the Agency work. Such control is more than necessary as the Agency is set to channel large amounts of public money (300 million MDL approved for subsidies program in 2010 and more than 200 million MDL payments arrears for 2009).
- Low temperatures registered in January and February will likely undermine the harvest of grapes and some fruits (Table 1). However, on the plantations where agricultural technologies were respected impact seems to be milder than on those that did not. This is yet another lesson for the farmers on learning protective technologies and wider embracing insurance services. In February the MAFI declared that the Government considers increasing the subsidies for the agricultural insurance[3]. However, it is clear that farmers themselves and insurance companies are those that have to play a more prominent role in adopting and promoting insurances as inherent part of the agri-business culture in Moldova.

Table 1 Proportion of fruit trees frozen buds in late January 2010 due to low temperatures, %

Fruit tree	frozen buds % of total
Apple, pear	5-9, mainly in the North
Peach	40-80, Readhaven species 95-100
Apricot	30-80
Cherry	12-25
Walnut	20-30
Almond	60-90

Source: MAFI;

INDUSTRY

- In January 2010 Moldovan industry displayed a "spectacular" 5% growth, the highest since April 2008 (Chart 1). Is it a reason for joy? Not really, as this is merely the arithmetical outcome of the harsh weather in January 2010 leading to a 17.2% growth in energy supply and translating into a higher growth rate for the whole industrial sector.
- Mining and quarrying industry receded further (going from -27.5% y-o-y in Jan-08 to -62.1% in Jan-09 and to -73.3% in Jan-10). In fact, in January this year this sub-sector registered the deepest y-o-y decline for the period for which monthly observations are available (since Jan-04). Constructions materials industry fell at par with extraction of the raw materials that it uses and with the recession of the constructions sector it serves.
- Processing industry stagnated, with food and beverages industry putting a moderate 1.7% growth (mainly due to growing production of oil, flour, and

Chart 1 Monthly growth rate of the industrial output, %, y-o-y

Source: NBS;

[2] Adopted through Governmental Decision no.60 of February 02, 2010;

[3] Speech of HE Mr. Valeriu Cosarciuc, Minister of Agriculture and Food Industry of Republic of Moldova given at the roundtable "Five years of agricultural insurance in Moldova: achievements and development perspectives", http://maia.gov.md/libview.php?l=ro&idc=52&id=13906.

alcoholic beverages). The tobacco processing sector reported an astonishing 7.5-fold increase in production, a figure which is yet to be checked for consistency. However, efforts of the main company in the tobacco sector to improve its management practices are visible and praise-deserving.

- The light industry (textiles, clothes, furs, shoes production) remain deeply under the floating level, with no clear prospects for rapid reversal of the negative trends persisting in the last two years. The technologically more advanced industrial sectors (such as production of high precision tools and equipment) follow similar path.

INVESTMENT AND CONSTRUCTIONS

- Aside from the endless discussions among the general public and media on how deep further will decline the real estate prices in Chisinau, previous month has seen one really important development deserving a closer look. On February 1st the Ministry of Economy (ME) organized a roundtable with a sophisticated topic "Identifying solutions for facilitating the process of creation of industrial parks". The very topic of the roundtable conveys that since 2006 when the Government for the first time brought up the idea of industrial parks nothing practically has been done. There are only three things we would like to stress regarding industrial parks in Moldova. Firstly, we believe that industrial parks are ***the key*** to attracting national and foreign investors into Moldovan regions and thus giving the regional economy a chance to diversify away from agriculture. Secondly, there are three core problems impeding creation of industrial parks and all of them are in the governance realm: poor leadership and promotion from the part of the ME and MIEPO, lack of proper understanding of this issue from the part of local authorities and high administrative barriers (related to changing destination of the agricultural land and obtaining building permits). Thirdly, the financial resources are only a secondary problem as there are presently large volumes of unabsorbed money in the EU's cross-border cooperation and Eastern Partnership programs that can be easily channeled to building business infrastructure in Moldova. What is really missing in Moldova is the much necessary drive from the part of the main stakeholders.

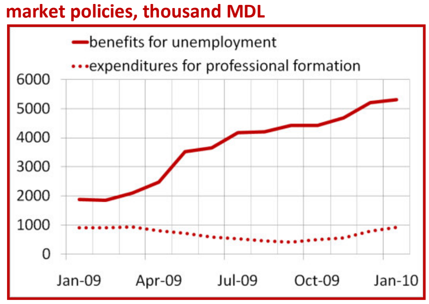
LABOUR MARKET

- According to the labor market indicators the economic crisis is still unfolding and the situation is worsening in some aspects. For example, the number of unemployed registered at the National Agency for Labor Employment (NALE) increased in January 2010 compared to December 2009 by 7.8%. The most affected categories of the population are men as their number increased the most during the last few months. This trend is to some extent explained by the fact that most crisis-affected sectors (construction, mining and quarrying, agriculture, energy, gas and water) employ more men than women.

- The expenditures for unemployment benefits increased by 2% in January 2010 compared to December 2009. While the funds for labor policy passive measures were always higher than funds for active measures, in January the funds under the later increased more significantly, by 16.1%. This is a positive tendency in the NALE activity; however, resources for the active policy measures are still five times below the level of those financing passive policy measures (mainly comprising unemployment benefits, Chart 2).

- Another negative evolution on the labor market reflected by the NALE data is the number of jobs placement of unemployed in January 2010, which was lower not only compared to December, but also to January 2009 (Chart 3), thus pointing to the critical situation on the labor market and decreasing job opportunities, including even the low paid jobs.

Chart 2. Expenditures for active and passive labor market policies, thousand MDL



Source: National Employment Agency

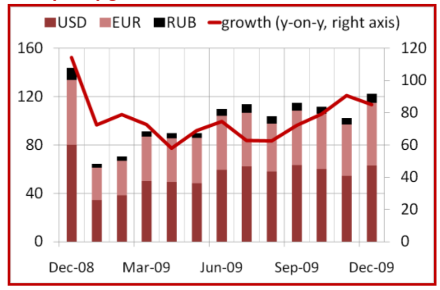
Chart 3. New registered unemployed and former unemployed, persons

Source: National Employment Agency

HOUSEHOLDS' INCOME

- According to the recent published data, the average real wage in economy increased 8.7% in 2009. The main source of this evolution during the crisis was the growth of salaries in the budgetary sector by 22.8%. At the same time, the salaries in the real economy increased only 4.3%, denoting that the logic of the politicians aiming at buying votes in electoral year diverged from the logic of the managers willing to optimize the costs in a crisis year. Moreover, the sharp wages decrease in some sectors (agriculture, mining and quarrying, energy, gas and water, trade, hotels and restaurants and financial activities), denotes the high tall that the crisis has taken on Moldova. In these economic sectors a recovery is expected only in the second quarter of the year, which means that wages will not resume growing soon.
- The spectacular 65% increase in wages in educational sector in December is a result of the two rounds of increase in wages in January and September 2009. However, the September increase was reflected in official statistics only in December when the difference was actually paid. The increases in the wages of the teaching staff are the only ones in the budgetary sector agreed with IMF for the current year. Teachers' wage increase is highly necessary because education sector is a key priority for the country's development but teachers' wages are among the lowest in the economy.
- After an apparent stabilization of remittances in November when the decline to the previous year was only 10% (compared to more than 20% in the previous months), in December the decline deepened to 15% y-on-y, which was under our expectations. Apparently, the decline was driven by the decrease in remittances from CIS countries as the share of USD in total remittances has bent downward (Chart 4).

Chart 4. Remittances by currency (mil. USD) and their y-on-y growth rate

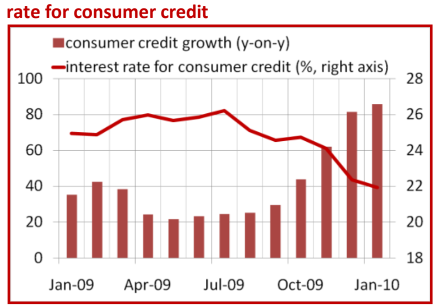


Source: NBM and EG Calculations

HOUSEHOLDS' CONSUMPTION

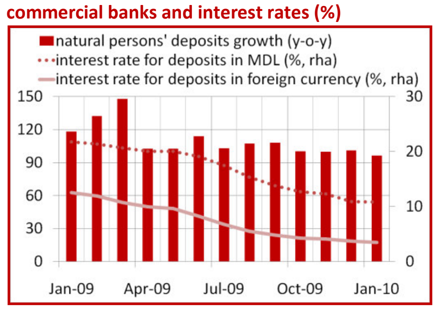
- After one year of constant decrease, in January 2010 the retail trade sales increased 3.4% y-on-y. Also, the annual growth rate of services rendered to the population was higher than in 2009 and reached 8.1% in January. This indicates a slight revival of consumption at the beginning of the year, which is in line with moderation of the decline in the remittances in the last months of 2009. Consequently, we expect consumption to have a marginally positive impact on GDP growth already in the first quarter of 2010.
- Consumer credit has apparently contributed to the recently increasing consumption. After a sharp contraction of the consumer credit during the whole year, the commercial banks lowered the interest rates in the late 2009 as a response to the interventions of NBM and provided the economy, including consumers, more credit resources. As result, after a plummeting credit in mid-2009, the situation improved recently (Chart 5).
- In parallel to the decrease in the interest rates for the credits the commercial banks have lowered their interest rates for the deposits. Paralleled by the decreasing remittances this contributed to the decline in deposits of natural persons. In fact, for the first time since the beginning of the crisis the deposits of natural persons decreased on annual basis. The growth rate turned to negative value in January, when the savings of population in the commercial banks decreased by almost 4% (Chart 6). We believe that this only stresses the strong correlation between remittances and deposits of natural persons and expect a significant growth in populations' savings only after remittances stabilize.

Chart 5. Evolution of consumer credit and interest rate for consumer credit



Source: NBM and EG Calculations

Chart 6. Evolution of population' deposits in commercial banks and interest rates (%)

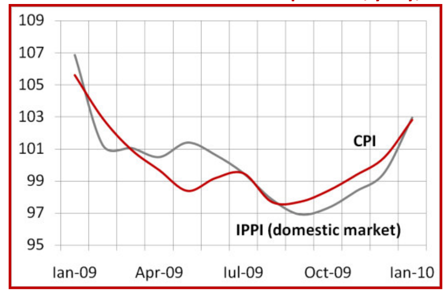


Source: NBM and EG Calculations

PRICES

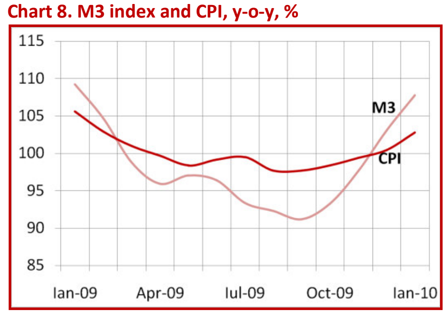
- The year 2010 began with mounting inflationary pressures, caused both by monetary and non-monetary factors. In January the Consumption Prices Index (CPI) increased 2.3% in comparison with the previous month and 2.8% on annual basis. The foodstuffs had the biggest contribution (+1.1%) to the inflation, followed by services (+0.6%) and non-food products (+0.5%).
- The sharp increase in foodstuffs prices index (3.4%) and index of products with administratively set prices (+3.8%), which are likely to continue next months, could significantly jeopardize social situation. This should be a serious issue of concern for policy makers who should address its heavy impact on poor households as these spend more of their income for foodstuffs.
- In January 2010 the Industrial Producers Prices Index (IPPI) increased 4.9% on annual basis (Chart 7). However, it was mostly related to exported products (+7.6%) which do not affect internal CPI, while the IPPI for products sold on the domestic market increased by 2.9%. Anyway, internal IPPI was higher than the CPI which we interpret as a forward looking indicator revealing soaring cost-related inflationary pressures.
- The depreciation of the national currency by 3.7% in January played a role in the increase in prices for imported products. Most vulnerable product groups to currency depreciation appeared to be fuels and mineral products (21.4% of total import and +4.5% price growth) and medicines (5.3% of total imports and +2.8% price growth).
- The fledgling increase in internal demand is another factor which boosted CPI. As result, the increasing monetary mass (M3) – a testimony of increase in consumption and economic stabilization – fueled, to some extent, the prices in January (Chart 8).

Chart 7. CPI and IPPI for domestic products, y-o-y, %



Source: NBS

Chart 8. M3 index and CPI, y-o-y, %

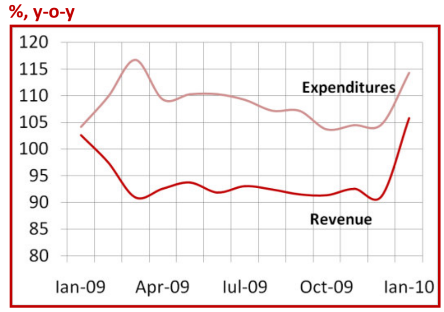


Source: NBS and NBM

BUDGETARY AND FISCAL POLICY

- For the first time since January 2009, public revenues registered an increase on annual basis at the beginning of 2010 (+5.8%), which augurs well further economic recovery. It was determined by soaring domestic demand (VAT increased by 11.6%) and by increase in excises for several products (fuels, tobacco, cosmetics etc.) resulting in a 20.5% increase in total excises revenue. At the same time, the revenue from payroll taxes represented only 97.5% of the previous year value which means that the economy is far from recovering completely. Consequently, the share of indirect taxes in total public revenues increased from 42.5% in January 2009, up to 45.9% in January 2010, which continues to be much higher in comparison with other European countries (30%-35%).
- The total public expenditures in January 2010 increased at a higher rate than revenues (14.3% on annual basis) which widened even more the gap between revenues and expenditures (Chart 9). It was caused by the increase in expenditures for education (+29.7%), social assistance (+15.5%) and health care (+3.7%) and, particularly, by the increase in the budgetary wages bill and pensions.
- The budgetary deficit at the end of 2009 formed approximately 7.0% of GDP[4] which is much lower than it was initially anticipated by the Government (9.0%). The targeted 3.0% for 2012 as agreed with IMF is likely to be achieved.

Chart 9. Budget revenues and expenditures index, %, y-o-y



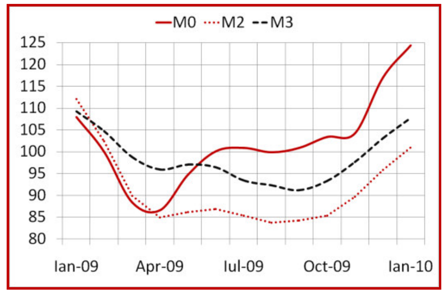
Source: Ministry of Finance

[4] Forecasted GDP

MONETARY POLICY

- Given the mounting inflationary pressures, the monetary policy continued to focus on steering inflation towards the NBM target of 5% for 2010. Besides central bank increasing its policy rate by 1 p.p., it started to consolidate its position as the economy's major debtor. Respectively, NBM phased out crediting commercial banks and resorted, more intensively, to liquidity sterilization operations. Thus, in January the volume of credits given to commercial banks was only MDL 8.6 mil. (MDL 44.7 mil. in December 2009) and the daily volume of sterilized liquidities through selling NBM certificates increased up to MDL 2249.0 mil. (MDL 286.3 in December 2009).
- Another form of national currency sterilization used by the central bank during January 2010 consisted of interventions on the foreign-exchange market. NBM sold an equivalent of USD 6.9 mil. which, mostly, contributed to the decrease in foreign reserve assets. However, this reduction was a temporary one, determined by the increase in demand for foreign currency coming from some importers. Therefore, we expect the international reserves to continue rising next months, in line with the increase in foreign currency inflows into the economy.
- Despite the NBM's sterilization policy, in January 2010, the monetary mass (M3) registered a prominent increase on an annual basis (+7.6%). It was caused by the increase in consumption and deposits, mainly fueled by soaring remittances and credits (Chart 10).

Chart 10. Monetary aggregates growth rate, y-o-y, %

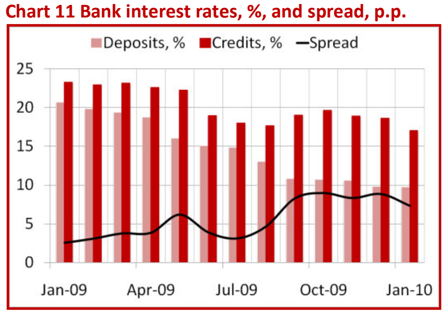


Source: NBM

BANKING SECTOR

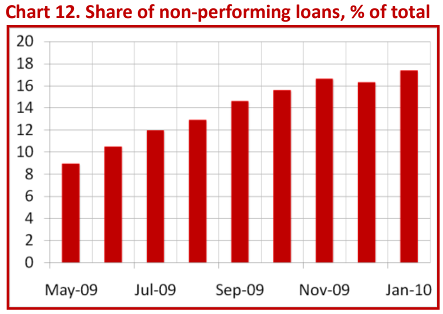
- In January 2010, the volume of credits in national currency increased by 9.9%, while foreign currency denominated credits rose by 4.9% y-o-y. It represents a significant milestone since the credits volume increased on annual basis for the first time after the financial crisis began (September 2008). It is explained by the decrease in interest rates for credits in national currency (-1.6 p.p.) and by the less reluctant crediting policies adopted by banks on the ground of some more positive economic signs. Taking into account the increase in banking spread and the potential decrease in risk premiums it is likely that the interest rates for credits will continue decreasing.
- Interest rates on deposits in national currency remained almost constant at 9.7% in January 2010, while for foreign currency deposits increased from 3.6% in December 2009 up to 3.81% in January 2010 (Chart 11). As a result, the share of foreign currency deposits increased from 28.0% up to 30.1% of the total deposits, during the same period. This phenomenon was, also, conditioned by the depreciation of the Moldovan leu against US dollar by 3.7% which is a major culprit of lowering the confidence in national currency.
- The banking system remains highly intoxicated and this should be a serious matter of concern for policy makers. Despite the increase in crediting activity, the share of non-performing loans in total loans reached the level of 17.37% (Chart 12). The banks addressed this issue by increasing the provision for losses up to 10.08%. At the same time, the liquidity indicators appear to be sufficient enough to ensure the stability of the banking system, being well above the minim requirements (short-term liquidity 38.10%; long-term liquidity ratio 0.61). The second side of this coin is the low profitability indicators and even losses incurred by banks' shareholders.

Chart 11 Bank interest rates, %, and spread, p.p.



Sources: NBM

Chart 12. Share of non-performing loans, % of total



Sources: NBM

FOREIGN TRADE

- By and large the official yearly trade data confirms most of the trends outlined in the previous issue of RE (Chart 13). In December the recovery of exports kept up relatively well by annual comparison (+15.3%) thanks to strengthening of external demand and statistically lower comparative base. In comparison with previous month, the exports stagnated in December, which is in line with the evolution of exports in that month in previous years. Overall, Moldovan exports declined by 18.4% against the background of falling global demand.
- Russia retains its position (22.1% of total) on the helm of Moldovan exports as Moldovan exports to Romania (18.5% of total) slipped by 26.8% in 2009. Overall, Moldovan exports remain EU-bound (52.3% of total) at the expense of shrinking share of CIS exports (37.8%) as exports to Ukraine (-43.1%) and Kazakhstan (-40.6%) nosedived in 2009.
- Imports continued to recover, growing in December by 11% m-o-m; albeit imports are still unable to achieve pre-crisis level. Overall, in 2009 imports plunged by 33.1%. Stronger exports coupled with weaker imports led to contraction of the trade deficit by 40.1% y-o-y. The pace of trade deficit's contraction may well slow down in 2010 as internal demand keeps showing signs of resurgence propped up by more relaxed commercial crediting conditions and stronger remittances inflow.

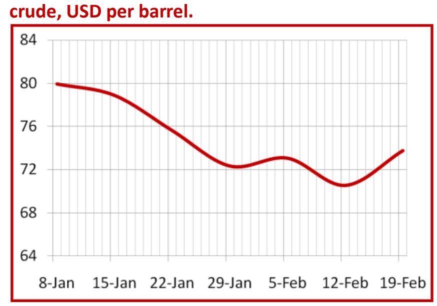
Chart 13. Annual foreign trade evolution, %, 2005=100.

Source: NBS, EG calculations.

GLOBAL ECONOMY AND MARKETS

- If there have ever been illusions about lasting effects of the global financial crisis, the global economic developments in February have patently shown that global economy is far from convalescence. Since the crisis has started unfolding many governments around the world bravely stepped in striving to stave off what seemed to be the worst recession since 1930's. As global economy went from gloom to cheers, the governments' interventions appeared to be vindicated ... for now. Today the biggest dilemma is how to withdraw the government support for the economy in order to avoid the crash of public finances, but at the same time without jeopardizing the prospects of economic recovery.
- The focus this month was on EU and its "PIIGS", with Greece being specifically in "limelight" with public debt at unsustainable 112% of GDP and budget deficit of 12.7% in 2009. The bond investor confidence in the most vulnerable countries spiraled downwards, while trust in euro also took a hit as the currency fell from 1.45 USD/EUR to 1.35 USD/EUR since beginning of January. The tenable plan to help Greece is still to be put forward, but to be sure not only Greece and other PIIGS countries face crumbling public debt perils. Indeed, US and UK will have higher public debts by 2011, while Japan's public debt reached staggering 192% of GDP in 2009. All this casts shadow over the hopes of robust recovery in developed world. Indeed, Germany, leading European economy, posted a nil growth in Q4'2009.
- Oil prices remained highly volatile (Chart 14). On the downside, concerns related to the pace and depth of the economic recovery, magnified by bad news from Europe pushed the prices downwards in the end of January and beginning of February, 2010. On the upside, the decision by the EU to guarantee support for Greece as well as improved US growth estimates for the Q4'2009 provided some support for the crude's prices by the mid-February. Overall, the oil prices will remain volatile, while the International Energy Agency sees more uncertainty "as the economy returns to growth and the market potentially tightens".

Chart 14. Weekly evolution of oil prices, Brent crude, USD per barrel.



Source: US Energy Information Administration.

Table 2 Moldova: monthly indicators

	May-09	Jun-09	Jul-09	Aug-09	Sep-09	Oct-09	Nov-09	Dec-09	Jan-10	Feb-10est
Industrial production growth rate, y-o-y, %	76.7	76.8	76.5	76.9	77.5	77.4	84.2	84.3	105.0	n.a.
Retail-trade growth rate, y-o-y, %	95.9	95.5	94.0	94.4	97.1	93.5	97.2	96.5	103.8	n.a.
Services to population growth rate, y-o-y, %	99.7	102.9	100.4	104.7	109.3	102.5	104.8	104.3	108.1	n.a.
Merchandise exports, million USD	100.6	107.6	111.1	97.9	106.3	124.9	138.5	92.8	n.a.	n.a.
Merchandise imports, million USD	242.9	259.7	264.8	233.9	286.2	304.6	329.3	241.4	n.a.	n.a.
Official reserve assets, end-period, million USD	1.188.7	1.210.1	1.182.6	1.302.5	1.290.5	1.302.5	1.374.5	1480.3	1464.4	1484.4
Registered unemployed, beginning of the period	35851	35876	35066	35351	35838	36961	37398	38101	38676	41683
Real wage growth rate, %	8.2	3.4	4.1	5.6	9.7	2.9	4.3	4.4e	0.0e	n.a.
Budget revenues growth rate, cumulative y-o-y, %	-10.4	-10.2	-9.0	-9.3	-9.7	-9.6	-9.4	-9.9	5.8	n.a.
Consumer prices growth rate, y-o-y, %	-1.6	- 0.8	-0.5	-2.2	-2.3	-1.6	-0.7	0.4	2.8	n.a.
Exchange rate, end-period, MDL per USD	11.22	11.24	11.21	11.21	11.50	11.06	11.11	12.30	12.53	12.80
Exchange rate, end-period, MDL per EUR	15.57	15.80	15.99	16.03	16.74	16.29	16.55	17.76	17.54	17.28
Broad money (M2) growth rate, y-o-y, %	-14.0	-11.9	-14.7	-16.2	-15.5	-14.5	-10.1	-3.8	1.3	n.a.
Central bank refinancing rate, end-period, %	10.0	9.0	8.0	7.0	5.0	5.0	5.0	5.0	6.0	6.0
Bank deposit rate, %	16.04	15.04	14.85	12.99	10.77	10.66	10.56	9.79	9.70	n.a.
Bank lending rate, %	22.23	18.94	17.97	17.65	19.04	19.63	18.88	18.63	17.03	n.a.
Banks liquid assets, % of total assets	30.00	31.46	32.79	33.53	34.53	34.03	35.57	38.27	38.10	n.a.
Banks unfavourable credits, % of total credits	8.92	10.47	11.95	12.88	14.60	15.57	16.62	16.30	17.37	n.a.
Currency deposits, % of total deposits	55.10	56.56	53.92	53.91	54.56	54.08	53.02	53.59	45.93	n.a.

Source: NBS, NBM and EG calculations and estimates;

Table 3 Moldova: key economic indicators

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009est
Population, million (excludes Transnistrian region)	3.644	3.635	3.628	3.618	3.607	3.600	3.590	3.581	3.573	3.568
GDP, billion USD, current prices	1.289	1.480	1.662	1.981	2.598	2.988	3.408	4.395	6.047	5.208
GDP per capita, USD at PPP	2112	2300	2533	2765	2028	2362	2561	2715	2998	n.a.
GDP growth rate, y-o-y, %	2.1	6.1	7.8	6.6	7.4	7.5	4.8	3.0	7.2	-8.0
Private consumption growth rate, y-o-y, %	27.6	6.1	5.9	18.5	6.2	10.1	7.0	3.6	4.5	-10.0
Gross fixed capital formation growth rate, y-o-y, %	-0.7	5.2	1.1	19.2	11.0	17.7	2.8	10.5	-7.8	-50.0
Industrial production growth rate, y-o-y, %	7,7	13,7	10,8	15.6	8.2	7,0	-4.8	-1.3	0.7	-22.2
Agricultural production growth rate, y-o-y, %	-3,3	6,4	3.4	-13.6	20.8	0.8	-1.1	-23.1	32.1	-9.9
Share of industry in GDP, %	19.0	21.8	20.2	20.5	20.5	19.1	18.0	19.1	19.5	15.6
Share of agriculture in GDP, %	25.4	22.4	21.0	18.3	17.5	16.4	14.8	10.0	8.9	8.7
Merchandise exports, million USD	476.7	564.6	659.7	805.1	994.1	1104.6	1060.8	1373.3	1646.0	1321.5
Merchandise imports, million USD	770.3	879.7	1037.5	1428.1	1748.2	2296.1	2644.4	3676.4	4866.3	3333.0
Service exports, million USD	164.6	170.9	216.65	249.93	332.08	398.94	465.66	625.08	837.2	677.7
Service imports, million USD	201.58	208.78	256.99	294.26	353.05	419.68	487.64	631.16	824.72	701.8
Net foreign direct investment, million USD	127.46	103.32	83.6	73.64	147.8	190.86	234.16	522.04	691.49	112.0
Net work remittances, million USD	148.4	202.8	286.3	440.2	659.5	868.8	1119.0	1419.4	1795.8	1342.4
Current account/GDP, %	-7.6	-1.7	-4.0	-6.6	-2.2	-8.1	-11.7	-15.2	-16.7	-8.6
Official reserve assets, end-year, million USD	222.65	228.54	268.87	302.27	470.27	597.44	775.3	1333.7	1672.4	1480.3
Total external debt stock, million USD	1723.7	1678.3	1816.5	1929.4	1881.8	2078.1	2528.9	3355.9	4106.1	4300.0
External debt/GDP, %	116.8	113.4	109.3	97.5	72.5	69.6	74.3	76.3	67.9	82.6
External debt/exports of goods and services, %	268.8	228.2	198.2	182.2	141.5	138.0	164.8	167.4	164.6	215.1
Employment rate, % of population aged above 15	54.8	53.7	53.3	47.5	45.7	45.4	42.9	42.5	42.5	40.0
Unemployment rate, % of economically active population	8.5	7.3	6.8	7.9	8.1	7.3	7.4	5.1	4.0	7.2
Real wage growth rate, y-o-y, %	2.2	21.6	20.9	15.4	10.1	6.8	14.2	8.0	10.2	9.0
Consumer prices, year average, %	31.1	9.6	5.2	11.6	12.5	12.0	12.8	12.4	12.8	0.0
General government balance, % of GDP	-1.8	-0.3	-2.2	1.0	0.4	1.5	-0.3	-0.3	-1.0	-7.0
General government expenditure, % of GDP	34.5	29.4	31.5	33.1	35.1	37.0	40.1	41.8	41.6	n.a.
Exchange rate, year average, MDL per USD	12.4	12.9	13.6	13.9	12.3	12.6	13.1	12.1	10.4	11.1
Broad money (M2) growth rate, y-o-y, %	38.8	37.8	30.4	24.4	44.8	36.7	12.2	47.3	18.3	-3.8
Central bank refinancing rate, end-year, %	27.0	13.0	9.5	14.0	14.5	12.5	14.5	16.0	14.0	5.0
Total commercial bank loans, % of GDP	12.7	15.3	17.7	20.9	22.6	25.5	29.3	37.2	37.5	35.0
Bank deposit rate, %	24.6	20.6	14.4	12.7	15.2	13.0	11.9	15.1	18.1	14.7
Bank lending rate, %	33.3	28.5	23.1	19.2	21.0	18.9	18.2	18.9	21.0	20.3

Source: NBS, IMF, NBM and EG calculations and estimates;